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IN THE

Supreme Court of the United States

OCTOBER TERM, 1970.

No. 1746

NATIONAL GYPSUM COMPANY AND
PLAZA PLASTERING COMPANY,
Petitioners,

vs.

UNITED STATES GYPSUM COMPANY,
Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

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May 22, 1971.

THE BUNTHORP-WARREN PRINTING COMPANY, CHICAGO

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PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

Petitioners, National Gypsum Company (National) and Plaza Plastering Co., pray that a writ of certiorari issue to review the decision of the United States Court of Appeals for the Seventh Circuit, entered March 11, 1971, which upheld the validity of U. S. Patent No. 2,749,267.

OPINIONS BELOW.

The decision of the Seventh Circuit with respect to which review is sought is reported at ..... F. 2d .....; 169 U. S. P. Q. 135. It is printed in the Appendix hereto, pp. 1-13 (hereinafter "App. .....").

The district court's findings of fact and conclusions of law from which the appeal was taken are not reported. They are printed at App. 14-29.

An earlier, unreported, district court decision in this case, which found the patent valid "within the severely narrowed limits of the literal language of its claims" (App. 44), but, as thus narrowed, not infringed, begins at App. 30. The Seventh Circuit decision reversing that district court's findings of non-infringement and remanding the case for a broader consideration of validity is reported at 387 F. 2d 799. It is printed at App. 47-54.

JURISDICTION.

The Court of Appeals affirmed the judgment of the district court on March 11, 1971. A petition for rehearing was denied on April 15, 1971. Jurisdiction is based on 28 U. S. C. § 1254(1).

QUESTIONS PRESENTED.

In finding the invention unobvious, the Court of Appeals limited the "scope and content of the prior art" to prior patents. It excluded from that prior art, the prior, unpatented, and unpublished *work* of W. L. Mackey, a man of ordinary skill in the relevant art. While the Court accepted the fact that Mackey's work was early enough to be a bar (App. 11) and that it was on the "same idea" as the patentee's (App. 8), it found that the work did not meet the strict standards of a "use" or "sale" which would invalidate the patent under 35 U. S. C. § 102(b).* Having found his work to fail as a "use" or

* This finding was made even though Mackey was doing the very thing which National is now enjoined from doing, viz. offering for sale spark perforated wallboard tape.

"sale" under 35 U. S. C. § 102(b), the Court also excluded it from the "prior art" against which obviousness is to be determined under 35 U. S. C. § 103.

The Court of Appeals also found National guilty of contributory infringement in the sale of one of the elements of the patented combination, an unpatented paper tape, even though that unpatented element was capable of use, and was actually used, in other, non-infringing combinations (App. 12-13).

The questions presented are:

1. In applying the obviousness test of 35 U. S. C. § 103, should the prior, fully proved work of others in the relevant art be included within the scope and content of the prior art, even though that work is found not to be a prior "use" or "sale" within the meaning of 35 U. S. C. § 102(b).

2. If said prior work should be included, is not this patent invalid as being obvious under 35 U. S. C. § 103.

3. In resolving the question whether an unpatented article of commerce is suitable for "substantial" noninfringing uses within the meaning of 35 U. S. C. § 271(c), is the proper legal standard a measure of the noninfringing uses of the unpatented article relative to the total sales of the article or is the proper standard whether the noninfringing uses are real, true, and not frivolous or contrived.

STATUTES INVOLVED.

35 U. S. C. § 102. Conditions for patentability, novelty and loss of right to patent:

"A person shall be entitled to a patent unless—

* * * * *

(b) the invention was . . . in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States . . .

35 U. S. C. § 103. Conditions for patentability; non-obvious subject matter:

> "A patent may not be obtained though the invention is not identically disclosed or described as set forth in Section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made."

35 U. S. C. § 271:

> "(c) Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.
>
> (d) No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his having done one or more of the following: (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized another to perform acts which if performed without his consent would constitute contributory infringement of the patent; (3) sought to enforce his patent rights against infringement or contributory infringement."

STATEMENT OF THE CASE.

Defendant, National, sells unpatented spark perforated wallboard tape for use in the building industry.

The walls in approximately 70% of the homes being built in the United States are formed by nailing large sheets of wallboard to the interior studding* (App. 48). The abutting edges of these wallboards form an open joint which must be covered to provide a smooth finished wall (App. 48). For as long as wallboard has been used, these joints have been covered by applying a layer of cement to the joint, placing a strip of tape over it, and then applying a finished coat of cement. Various tapes have been used, including cloth, metal, and most popularly, paper (App. 48). Paper tapes have been used with and without holes, but the most popular tape was a paper tape having holes of about 0.0625 inches in diameter uniformly spaced throughout.

In 1946, Stanley Ames developed a taping tool which combined the operations of applying the cement and tape. The tool simultaneously placed a layer of cement on the inside face of the tape and rolled the tape onto the joint in one operation. This tool became very popular, but one drawback was that the cement exuded through the holes in the tape and created an undesirable messiness**.

In response to Ames' complaints, W. L. Mackey, a wallboard joint tape supplier, produced a paper tape wherein the size of the holes were reduced to prevent the passage of the cement but still permit the passage of air, a feature

* This construction is referred to as "drywall", as opposed to the older lathe and plaster construction.

** This had not been a problem when the tape was applied by hand.

thought by some to be desirable. Mackey made his holes by a known method (spark perforation) whereby an electric arc is used to burn a small hole in the paper* (App. 8). He toured the country with this tape in August, 1948, leaving samples of it with prospective customers (App. 11).

In response to the same complaints, United States Gypsum (U. S. G.) also developed a spark perforated tape designed to prevent the passage of cement but permit the passage of air. More than one year after Mackey's work U. S. G. filed a patent application covering its spark perforated tape.

The Patent Office refused patent coverage to the tape itself (the commercially significant item) but, unaware of the prior work by Mackey, it granted U. S. G. a patent on June 5, 1956, covering the tape in combination with a wallboard joint. Thus, by continuation of its practice of patenting every "shadow of every shade" of every idea in the wallboard art**, U. S. G. has sought to perpetuate its monopolistic position in the field, albeit under color of law. See *United States* v. *United States Gypsum Co.*, 333 U. S. 364 (1948).

The patent claims a wallboard joint having a tape cemented over it, the tape having holes throughout with

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* The uncontradicted and corroborated testimony is that Mackey's holes were of such small size that one had to hold the tape to the light to see through them. They were undeniably much smaller than the 0.0625 inches of the prior art and clearly of the magnitude, if not the exact size of the USG tape.

** That this was not the intent of the framers of the constitution is expressed in *Atlantic Works* v. *Brady*, 107 U. S. 192, 200 (1883). Since the development of gypsum wallboard, U. S. G. has obtained patents relating to metal tape with and without holes (1,703,667); paper tape without holes (2,047,982); paper tape with holes (2,749,267); paper tape with tapered edges (2,047,982 and 2,180,433); and paper tape with serrated edges (2,047,982).

diameters in the range of 0.02 to 0.002 inches*, contrasted with the prior art diameters of about 0.0625 inches.

On June 4, 1959, U. S. G. sued National for infringement of this patent. On December 7, 1964, the district court delivered its opinion, in which, after expressing "doubt" as to the question of invention (App. 43), it found the patent was "valid and should stand, but stand within the severely narrowed limits of the literal language of its claims" (App. 44). It found that thus narrowly construed, the patent was not infringed.

On October 2, 1967, the Court of Appeals reversed, holding that the district court misconstrued the alleged invention and the art. The Court of Appeals found that "the gist of the invention (if all tests of invention be met), was the use of tape with much smaller spark produced holes" (App. 51). It thus concluded that, if valid, the patent was infringed, and remanded the case for a determination of obviousness under 35 U. S. C. § 103 and of prior use and sale under 35 U. S. C. § 102(b).

On February 24, 1969, the district court entered supplemental findings and conclusions finding the patent valid and infringed. No mention was made of the "gist" of the invention defined by the Court of Appeals.

On March 11, 1971, the Court of Appeals affirmed. It determined the scope and content of the prior art as teaching the use, with wallboard joints, of cloth, metal, and paper tapes, including the paper tape with holes of about 0.0625 inch diameters which "permit the escape of air from between the tape and the wallboard and eliminate the

---

* Claim 1 is representative:

"The combination with wallboards attached to a support and having edges in substantially abutting relationship forming a wallboard joint, of a strong thin cellulosic strip having perforations throughout with diameters from about 0.02 inch to 0.002 inch, said strip being adhesively secured over said joint and the edges of said wallboards adjacent thereto."

formation of air pockets" (App. 2-3). It also found that the prior art contained several teachings that small perforations could be made in paper by use of an electric spark which burns a small, smooth hole in the paper (App. 4-6). All of this prior art was in the form of prior patents.

The Seventh Circuit concluded, however, that the prior art did not suggest the use, with a wallboard joint, of a tape having perforations of a size which would permit the escape of air while preventing the escape of cement (App. 4). It further concluded that the prior art did not suggest perforation of wallboard *tape* by an electric spark* (App. 4).

In a separate section of its opinion, under the heading "Prior Public Uses," the Seventh Circuit considered the work of Mackey. It is clear from the opinions of the district court and the Seventh Circuit that both courts accepted the fact that Mackey made a spark perforated tape for use on wallboard joints more than one year before the application for the patent in suit** and that in 1948 Mackey and his wife toured the country distributing samples of his spark perforated tape to prospective users in the wallboard joint art. Despite this evidence, the Seventh Circuit concluded that the Mackey work was neither an anticipation under, nor shown to qualify as a "use" or "sale" within the strict standards of 35 U. S. C. § 102(b).

Having found no statutory "use" or "sale" by Mackey, the Seventh Circuit dropped his work from the "prior art" entirely. It did not consider his undeniable making of spark perforated paper tape for use on wallboard joints and his distribution of samples of the tape to persons skilled in the relevant art to be a part of the *prior art*

* Prior art patents did disclose spark perforations of wallboard itself.

** Early enough to be a bar under 35 U. S. C. § 102(b).

under 35 U. S. C. 103. The court merely noted, under *Secondary considerations,* that commercial success was somewhat countered by the fact that Mackey had worked on the "same idea" as the patentee and had applied the prior spark perforating art to wallboard tape (App. 8).

This omission was critical to the determination of obviousness. In summarizing the scope and content of the prior art, the Seventh Circuit concluded that the prior art did not:

> "suggest the use of tape with perforations of a size which would permit the escape of air but prevent the escape of adhesive, none suggested perforation by electric spark, and none specified dimensions of perforations in tape within the range stated in [the patent in suit." (App. 4.)

If the Mackey work had been included in the scope and content of the prior art only to the extent which the court below accepted as having been proved, there could have been no other conclusion, by the Seventh Circuit's own premise, than that the alleged invention was obvious. Instead, the court excluded Mackey's work from the prior art, found the patent valid, and thereby permitted U. S. G. to monopolize the very activity that Mackey was engaged in more than a year before U. S. G. filed its patent application. If Mackey were alive today, he would be prohibited from selling the tape he was distributing in 1948. In fact, Mackey's allegedly infringing activity was asserted by U. S. G. as a ground for special consideration of its application in the Patent Office in 1950.

The Court of Appeals further held that there were noninfringing uses for the unpatented paper tape, one of the elements of the patented combination. Although the Court of Appeals recognized that the tape itself was unpatented and found that the tape had uses other than those covered by the claims of the patent, it ruled that such uses were

incidental, and "too insubstantial, relative to the amount of tape sold, to prevent National Gypsum's liability as a contributory infringer or to be a basis for a claim of misuse" (App. 13).

The Court of Appeals thereby incorrectly construed the term "substantial" used in 271(c). As construed by the Court of Appeals, "substantial" involves the balancing of infringing uses with actual noninfringing uses. There are no guidelines as to when that balance is tipped for or against contributory infringement or for or against a misuse.

It is petitioners' contention that the standard for determining whether an unpatented article is "suitable for substantial noninfringing use" is whether the noninfringing uses are real, true, and not contrived or frivolous. The Court of Appeals found that the noninfringing uses here were not contrived. Indeed, it found them to be real and substantial enough to be excluded from the determination of damages.

REASONS FOR GRANTING THE WRIT.

A. Questions 1 and 2.

1. The questions presented have not been considered by this Court. The lower courts in the various circuits are in a state of conflict and confusion over it.

In *Graham* v. *John Deere*, 383 U. S. 1 (1966), this Court set out the guidelines for the determination of obviousness under 35 U. S. C. § 103. The first step in that determination, now universally followed, is defining the scope and content of the "prior art".

It is clear that prior patents and publications, though failing as anticipations under 35 U. S. C. § 102, are to be considered as prior art under 35 U. S. C. § 103. *Graham* v. *John Deere*, 383 U. S. 1 (1966).

It is also clear that prior-filed, co-pending patent applications are "prior art" under 35 U. S. C. § 103, though the applications are neither patents, nor publications, *Hazeltine* v. *Brenner,* 382 U. S. 252 (1965).

It is not at all clear, however, whether proven prior work, not reduced to writing and not amounting to a "use" or "sale" under 35 U. S. C. § 102, should be "prior art" under 35 U. S. C. § 103*. Some courts appear to have held that it should, although none has discussed why this should be so. See, for example, *Gillman* v. *Stern,* 114 F. 2d 28, 30 (2nd Cir. 1940); *Lyon* v. *Bausch and Lomb Optical Co.,* 224 F. 2d 530, 532-37 (2nd Cir. 1955); *Minnesota Mining and Manufacturing Co.* v. *Norton Co.,* 280 F. Supp. 674, 690 (N. D. Ohio 1968), aff'd. 426 F. 2d 1117, 1121 (6th Cir. 1970), *cert. den.* ..... U. S. ..... (1971); *Cleveland Fabricating Co.* v. *Adsure, Inc.,* 298 F. Supp. 1275, 1282 (N. D. Ohio 1968); *Servo Corp. of America* v. *General Electric Co.,* 337 F. 2d 716, 720 (4th Cir. 1964), *cert. den.* 383 U. S. 934 (1966); *Garrett Corp.* v. *United States,* 422 F. 2d 874, 882-84 (Ct. Cl. 1970), *cert. den.* ..... U. S. ..... (1971); *Wilson Athletic G. Mfg. Co.* v. *Kennedy Sport G. Mfg. Co.,* 233 F. 2d 280, 283 (2nd Cir. 1956). Others, such as in the present case, have excluded the work as "prior art" under 35 U. S. C. § 103, often not even considering the question whether it should be included.** See, for example, *Jones Knitting Corp.* v. *Morgan,* 361 F. 2d 451, 456-57 (3rd

* If the public "use" or "sale" test has been met, it has been held that the work is "prior art" under 35 U. S. C. § 103, even though the "use" or "sale" does not disclose every element of the invention and therefore does not anticipate the invention under 35 U. S. C. § 102. *Gass* v. *Montgomery Ward & Co.,* 287 F. 2d 129, 131 (7th Cir. 1967); *Continental Can Co.* v. *Old Dominion Box Co.,* 393 F. 2d 321, 326 (2nd Cir. 1968).

** In this case, the Seventh Circuit has further compounded the confusion by relegating Mackey's work to the status of at most a negative secondary consideration.

Cir. 1966), but see dissenting opinion at 460-61; *Skil Corp.* v. *Cutler-Hammer, Inc.*, 412 F. 2d 821, 825 (7th Cir. 1969), *cert. den.* 396 U. S. 951 (1969); *Stamicarbon N. V.* v. *Escambia Chemical Corp.*, 300 F. Supp. 1209, 1215 (N. D. Fla. 1969), *aff'd.* 430 F. 2d 920, 927-29 (5th Cir. 1970), *cert. den.* ..... U. S. ..... (1970); *Lempco Products, Inc.* v. *Hill*, 181 F. Supp. 789, 791-92 (N. D. Ohio 1960), *aff'd.* 289 F. 2d 937 (6th Cir. 1961); *Hunt Industries, Inc.* v. *Fibra Boats, Inc.*, 299 F. Supp. 1145, 1148-50 (S. D. Fla. 1969).* These cases appear to follow the rationale of this Court, expressed in *Gayler* v. *Wilder*, 51 U. S. 457, 495-98 (1850).

This case presents an ideal vehicle by which this Court can clarify a confusing and undefined area of the law which stands as an obstacle to the full application of the principles which the Court has stated in *Graham*. It is an ideal vehicle because the issues are clear-cut. The courts below found that there was no "use" or "sale" but agreed that the work in question was done, was done early enough to be a bar, and was made available to those skilled in the relevant art by way of distribution of samples. The question is simply whether this fully proved work should be considered a part of the prior art.

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* In an analogous situation (analogous because the proof in these cases becomes in effect a proof of "use") it has been held that documents which do not qualify as publications under 35 U. S. C. § 102 may be considered as "prior art" under 35 U. S. C. § 103, at least where there has been some dissemination to the public. *Felburn* v. *New York Central R. Co.*, 350 F. 2d 416, 425 (6th Cir. 1939), *cert. den.* 383 U. S. 935 (1966); *Bishop & Babcock Mfg. Co.* v. *Western Auto Supply Co.*, 105 F. 2d 886, 888 (6th Cir. 1939). On the other hand, where the prior, unpublished document has been concealed, it has been held that the document is not relevant either under 35 U. S. C. §§ 102 or 103. *Grinnell Corp.* v. *Virginia Electric and Power Co.*, 277 F. Supp. 507, 518-19 (E. D. Va. 1967) *aff'd* 401 F. 2d 451 (4th Cir. 1968). This Court has not spoken on the issue.

2. The conflict with Graham v. John Deere.

Even assuming that the Mackey work was properly excluded from the Seventh Circuit's consideration of obviousness, that decision is in conflict with this Court's decision in *Graham* v. *John Deere.* Here, as there, the alleged invention "rests upon exceedingly small and quite non-technical mechanical differences in a device which was old in the art." Paper wallboard tape having holes 0.0625 inches in diameter were old. Ames complained that the holes were too big for use with his tool because they let the cement exude through the tape. U. S. G. thereupon made the holes smaller, using a method (spark perforation) which was both old and analogous, and claimed that as an invention. This decision stands as a clear and serious erosion of *Graham.*

3. The conflict with Anderson's-Black Rock, Inc. v. Pavement Salvage Co.

Again assuming that the Mackey work was properly excluded from the Seventh Circuit's consideration of obviousness, that decision is squarely in conflict with this Court's decision in *Anderson's-Black Rock, Inc.* v. *Pavement Salvage Co.,* 396 U. S. 57 (1969). Here, as there, the novel element in the combination (here the tape, there the burner), was not patentable. U. S. G. tried to patent the tape itself, and failed. This Court, in *Black Rock,* held that in such a case the standard was whether it was obvious to combine the elements. The Seventh Circuit instead created an invention in the tape, where the Patent Office had found none,* then held the combination unobvious.

* The Seventh Circuit recognized that it was old in the art to use spark perforated paper bags for cement, the perforations being selected from a range of sizes which would pass air but not the dry cement powder.

B. Question 3.

The Court of Appeals' construction of 35 U. S. C. § 271(c) and (d) is in derogation of this Court's long standing policy against the unlawful expansion of the patent monopoly, a policy most recently affirmed in *Blonder-Tongue Labs, Inc.* v. *Univ. of Illinois Foundation,* ..... U. S. ....., 39 U. S. L. W. 4506, 4515 (May 3, 1971).

In holding that there were noninfringing uses for the paper tape, uses for which damages would not be due U. S. G., but nevertheless holding that the uses were "too insubstantial relative to the amount of tape sold, to prevent National Gypsum's liability as a contributory infringer or to be a basis for a claim of misuse," the Court of Appeals effectively thwarted competition in the unpatented paper tape.

The lower court's standard of balancing noninfringing and infringing uses is particularly unfair because it would subject competitors, such as National, who only sell the unpatented product to the risk of a contributory infringement suit even where the market for the noninfringing use is not merely *de minimis.**

There is no question that the owner of a patent on a product may prevent others from making, using or selling that product. If, however, the patentee has failed to obtain a patent on that product but has a patent on *one* of the methods in which that product is used or *one* of a combination of elements in which that product is merely a component, the patentee should not be permitted to license, refuse to license, sue for contributory infringement, or act in any other way which would elevate this narrow patent position to a monopoly over the unpatented product. To do so, as U. S. G. has done here, constitutes patent misuse.

* The evidence here is that a *portion* of the noninfringing uses for spark perforated tape accounts for more than 10 million feet of tape per year (P. App. 183, D. App. 28-31).

Although this Court has repeatedly ruled against the expansion of the patent monopoly beyond the constitutional intent, U. S. Const. art. 1, § 8, it has never reviewed a lower court decision where 35 U. S. C. § 271 has been employed to offset that authority. The present case illustrates how that statute has been construed to defeat the Court's policy. It is therefore important and appropriate that this Court now consider the issue.

CONCLUSION.

This petition should be granted and the patent declared invalid for the foregoing reasons.

Respectfully submitted,

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May 22, 1971.